

**Prenegotiation Objectives**

CONTRACT NO. DACA87-XX-X-XXXX

CHANGE CASE NO. XX-X-XX-X

1. **Modification Description.** Provide a general description of the proposed modification. If a claim, summarize who determined merit, when, etc.; reference the decision memorandum, MFR, analysis, etc. Provide information, including dates, concerning the request for proposal, any supplements, and notice to proceed. Identify all previous UCM.

2. **Proposal.** This paragraph includes information on the proposed price and time adjustments, date of the proposal, and revisions. State whether the proposal contains the required detail for analysis.

3. **Government Estimate.** This paragraph includes the estimated total price (not necessarily the total price objective) and time adjustments, including dates and amounts of original and revised estimates.

4. **Audits.** This paragraph refers to the audit report, preparing office, dates, etc. If an audit was not necessary, document the reasons, determination and concurrence by the Contracting Officer.

5. **Technical Analysis (when required).** If separate reports were not prepared, omit this paragraph and summarize the analysis in the columnar summary and in the remarks. Identify separate analyses prepared for the negotiator, and summarize the columnar summary and in the remarks.

6. **Cost Analysis (when required).** If separate reports were not prepared, omit this paragraph and summarize your analysis in the columnar summary and in the remarks. One or more separate analyses prepared for the negotiator are identified here and summarized in the columnar summary and in the remarks.

7. **Time.**

a. If a separate time analysis report has been prepared, reference the report and summarize the differences between the proposed and Government time objective.

b. If a separate analysis report has not been prepared, document the rationale for the Government objective in detail in this paragraph.

(1) If the objective is based on the effect of the action on the critical path, identify the NAS or bar chart critical items delayed.

(2) If the objective is a no-cost time extension for change order work ordered after the required completion period, concurrent with the contractor's own delays, develop and explain the objective.

Such time extensions are based on the principal of "equity" whereby government personnel would have been assigned to the job to monitor the changed work, thus benefiting the Government, while the contractor's own supervisory personnel would have been assigned anyway to complete the project during the period the work was performed. Thus, there was no extra cost to the contractor.

(3) If the contractor's time bargaining position is not strong or the time justification is "gray," but the negotiator's objective is to be liberal with time, to use time as leverage for other concessions or issues, explain it here. The negotiation team must weigh the relative advantage and disadvantage of trade-offs, settlement opportunity, loss of liquidated damages relative bargaining strength, etc., in determining reasonableness of the objective.

c. Unsupported statements, like the following (from actual documents), are meaningless. They do not explain the basis underlying the objective. These statements do not provide documentation for analysis in the event of a future claim requiring reconstruction of the project history.

(1) "The Contractor did not request any time extension and the Government agrees."

(2) "Proposed time was 20 days, but 14 days is more reasonable."

(3) "The Contractor proposed 45 days. A review of the NAS confirms that this is reasonable."

(4) "The Contractor should reduce his request of 30 days to 10 days."

#### **8. Summary of Cost Differences.**

a. Columnar Summary. When a cost analysis is required, list the cost elements and profit in a columnar summary similar to that listed below. Multiple bid items are analyzed in like detail. Not that the columnar summary can be an attachment to the PNO memorandum. It will be acceptable to use columnar pad paper in either pencil, ink or typed, as long as it is neat and legible. The negotiator's primary effort should be devoted to the analysis.

<u>Element</u>	<u>Contr Prop</u>	<u>*Audit Results</u>	<u>Cost/Tech Analysis</u>	<u>Govt Estimate</u>	<u>** Objective</u>	<u>Remarks</u>
Material						a
Labor						b
Equipment						(etc.)
<u>Subcontracts</u> (Signification subcontracts may also be broken out.)						
Subtotal						
Field Overhead (Extended Overhead) (Impacts) (Acceleration) (etc) _____						
Subtotal Job Costs						
<u>Home Office</u>						
Subtotal						
Profit						
<u>Bond</u>						
Total						
* As applicable.						
**These amounts may be expressed as a range.						
b. When a cost analysis is not required, the columnar summary is optional. If the negotiator uses this format, the appropriate level of detail is left to the discretion of the negotiator.						
c. The remarks include discussion of the various significant differences for each element, between the proposal and the audit, cost and technical analysis, and Government Estimate. Explain the basis for each objective. Discuss exceptions taken or clarifications to the audit report.						
9. <b>Price Analysis and Objective (when technical/cost analyses are not applicable).</b> If technical/cost analyses are not applicable (<\$100,000 and the negotiator did not perform cost or technical analyses), summarize the price analysis to the extent prices were analyzed, e.g., overall price, bid item prices, overall labor, equipment, materials, etc. A price analysis is required for all negotiated price actions regardless of amount. See section 7, chapter 3, Modification Process, and chapter 7, Truth in Negotiations, for price analysis procedures. Identify each price objective as a dollar amount or range. Do not use statements similar to, "The objectives are to assure mutual understanding of						
3						

the scope of work and settle at a fair and reasonable price." These are the **purposes** of negotiations;

**objectives** are target dollar values or ranges.

10. **Price Analysis (when technical/cost analyses are applicable).** If the action exceeds \$100,000 or if the negotiator performed technical and cost analyses, summarize the separate price analysis here, to determine whether the overall price offered is fair and reasonable [e.g., ensure that the sum of all of the individual costs of constructing a "toilet seat" do not add up to \$600!].

11. **Price Objective (when technical/cost analyses are applicable).** Identify the overall price objectives here, consistent with the bottom line objective shown in the columnar summary above and the price analysis. The price objective could be expressed as a range, e.g., the bottom line objective plus or minus 10%, a range between the bottom line objective and a reasonable price based on price analysis, etc. The objective must be consistent with the principle that the price adjustment is based on the reasonable, allowable cost impact on the contractor's operations.

12. **Signatures.** The lead negotiator signs the objectives. Other negotiating team members may also sign the objectives.

13. **Approvals.** For actions exceeding the Resident ACO's authority, the Contracting Officer will sign, approving the objectives.